



COMMISSION ON INSURANCE

COUNTY OF LOS ANGELES

Scott J. Svonkin
Chairperson

Daniel Falcon
Vice-Chairperson

Barry R. Binder
Michael G. Cheung
Rickey Ivie
Don Lee
Curren D. Price, Jr.
Rose Reets
Patricia Torres

MINUTES

Meeting of April 29, 2002
830 Kenneth Hahn Hall of Administration

Commissioners Present: Barry Binder, Michael Cheung, Rose Reets, Rickey Ivie, Daniel Falcon, and Scott Svonkin

Commissioners Absent: Don Lee, Curren D. Price, and Patricia Torres

Chairperson Svonkin noted the presence of a quorum and called the meeting to order at 10:38 a.m.

APPROVAL OF MINUTES OF DECEMBER 13, 2001 AND FEBRUARY 14, 2002

On motion of Barry Binder, seconded by Daniel Falcon, the minutes of December 13, 2002 were unanimously approved.

On motion of Rose Reets, seconded by Barry Binder, the minutes of February 14, 2002 were unanimously approved.

CHAIRPERSON'S REPORT

Chairperson Svonkin postponed his report.

ANNUAL ELECTION OF OFFICERS

On motion of Rose Reets, seconded by Daniel Falcon, the Commission unanimously approved Scott Svonkin serving another term as Chairperson.

On motion of Rick Ivie, seconded by Rose Reets, the Commission unanimously approved Daniel Falcon serving another term as Vice-Chairperson.

DISCUSSION OF TERRITORIAL RATING OF AUTOMOBILE INSURANCE

Vice-Chairperson Falcon brought the Commission up-to-date regarding Proposition 103 (1988) per the material provided from the Consumer Federation of America (CFA).

Commissioner Reets introduced Robert Devereux, Assistant Manager Public Affairs of State Farm Insurance and asked him to provide information regarding this matter. He stated that he

felt that Proposition 103 had addressed the issue of territorial rating factors, and he noted that this rating factor is only one of several elements when establishing auto insurance rates. Other factors include the age, driving experience of the driver, the driver's driving record, the safety of the vehicle, and population density (urbanization).

The Commission acknowledged that there are individuals with financial concerns foregoing insurance to feed their families and pay rent. The Commission also noted that the minimum coverage required by law is not usually sufficient to cover the current cost of property damage or physical injury.

Chairperson Svonkin stated that before the Commission could proceed with this matter that they need to determine what the approximate number of uninsured motorists is within the County and if there is a way to provide a coverage pool to these individuals so as to provide insurance coverage and not face legal and financial consequences later on. Additionally, the State needs to review the current limits of coverage and make the necessary changes.

DISCUSSION REGARDING THE INCLUSION OF ACTS OF TERRORISM INTO INSURANCE POLICIES

Chairperson Svonkin noted that some insurance companies attempted to exclude any acts of terrorism from homeowners and commercial property claims. The Insurance Commissioner for the State has stated that the California State Department of Insurance does not support the exclusion of terrorist acts from insurance policies.

The Commission was in agreement on this position and agreed to receive and file this information for future reference.

DISCUSSION OF INSURANCE RATE HIKES

Robert Devereux advised the Commission that due to increased construction costs and other costs incorporated into housing costs, State Farm had to raise existing rates and stop issuing new policies for the time being.

Chairperson Svonkin suggested the Commission look at the annual net profit and premiums separately for home, auto and healthcare from each insurance company in the County before taking any action.

Vice-Chairperson Falcon agreed in principal but was concerned that the statistical information may not be available by county and company. The majority of this information is described at the state level.

Chairperson Svonkin suggested the Commission look at whether companies are making a fair profit and fulfilling policy terms. Laying a foundation and monitoring is necessary in order for future Commissions to respond to this matter.

DISCUSSION OF LEGISLATION SB 1427 (Escutia) REGARDING LOW-COST AUTOMOBILE INSURANCE

Chairperson Svonkin inquired whether the Board of Supervisors has had an opportunity to review this matter and taken a position. He was advised that the Board has not taken a position and that the Chief Administrative Office's analyst was reviewing the legislation and would welcome the Commission's input.

The premium proposed is \$319.00 with the following coverage: Bodily Injury \$10,000/ 20,000 maximum, Property Damage \$33,000 and Medical Payments \$1,000.

Chairperson Svonkin requested that this item be placed on the agenda for the next meeting for tracking purposes.

Mr. Devereux advised to the Commission that the Personal Insurance Federation was opposed to this legislation, citing that the coverage was too low with today's existing market prices.

COMMITTEE AND TASK FORCE UPDATES AND PLANNING

Chairperson Svonkin noted that the Commission has two subcommittees and he would like them to meet at least once this year.

Chairperson Svonkin requested the Auto Insurance Committee to look at SB1427 (Escutia) more closely and prepare an outline on the people requiring coverage. He plans to ask Commissioner Lee if he will participate in this Committee. He also requested that the Natural Disaster Committee meet and consider changing its format from natural disaster to emergency preparedness.

MATTERS NOT ON POSTED AGENDA (To be placed on the agenda for discussion at a future meeting)

There were none.

PUBLIC COMMENTS

There were none.

ADJOURNMENT

There being no further business the meeting was adjourned at 11:46 a.m.

ATTENDANCE

Public:

Robert Devereux, Assistant Manager Public Affairs, State Farm Insurance

Staff:

Martha Littlefield
Ken Wales

Executive Office, Board of Supervisors
Executive Office, Board of Supervisors